

★ **Roll Call Number**

**Agenda Item Number**

56 A

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**Date** July 23, 2007

**Approval of the First Amendment to the Fixed Base  
Operator Lease and Agreement with Elliott Aviation of  
Des Moines, Inc for Services at the Des Moines  
International Airport**

WHEREAS, the City of Des Moines, hereinafter called "City", owns an airport known as the Des Moines International Airport, located in Polk County, Iowa, hereinafter called the "Airport"; and

WHEREAS, on May 1, 2007, by Resolution No. A07-85, the Board recommended that the City Council approve a Fixed Base Operator and Lease Agreement (Lease) between the City and Elliott Aviation of Des Moines, Inc. (Elliott); and

WHEREAS, the Lease provided for the construction by Elliott of a regional headquarters and Fixed Base Operator facility at the Airport, while holding out the prospect of the City of Des Moines issuing special facility revenue bonds in an amount not to exceed \$6.0 million, the proceeds of which would be loaned to Elliott to be used for the construction; and

WHEREAS, the Lease further provided that Elliott would be solely obligated to pay off the bonds including all payments related to the principal and interest, and to pay in addition all associated costs and fees for professional services to support the issuance of the bonds; and

WHEREAS, on May 21, 2007, the Council by Roll Call No. 07-1013 approved the Fixed Base Operator and Lease Agreement with Elliott; and

WHEREAS, on June 5, 2007, by Resolution No. A07-113, the Board recommended to City Council the issuance of not to exceed \$6,000,000 in special facility revenue bonds, the proceeds to be loaned to Elliott Aviation of Des Moines, Inc. to finance the costs of (i) a regional headquarters facility to be used by Borrower, consisting of three aircraft hangars, and a general aviation terminal and a supporting office area with certain other directly related improvements (the "Project"), (ii) funding a reserve fund, and (iii) paying costs of issuance and related costs; and

WHEREAS, the City Council on June 18, 2007, held a public hearing on the matter of issuing the bonds and after the hearing resolved by Roll Call No. 07-1232 to initiate the necessary proceedings relating to the issuance of the bonds; and

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WHEREAS, at the time the Fixed Base Operator and Lease Agreement was entered into, the terms of the special facility revenue bond transaction were not complete and it was expected that certain amendments to the Lease would be necessary to accommodate the issuance of the bonds; and

WHEREAS, Elliott's obligation to pay the principal and interest on the bonds will be backed by an irrevocable letter of credit issued by U.S. Bank (Bank); and

WHEREAS, as security for issuing the letter of credit and Elliott's promise to reimburse the Bank for any draws there from, the Bank is calling for a mortgage on the Elliott leasehold at the Airport as well as, in the event the new facility is destroyed, the application of any insurance proceeds to reconstruct it or, if the facility is not reconstructed, to pay off the bondholders; and

WHEREAS, among other matters, the currently proposed First Amendment to the Lease (a) authorizes Elliott to grant a mortgage on the leasehold and (b) grants consent to the application of the insurance proceeds to reconstruct the facility or, if it is not reconstructed, to pay off the bondholders: and

WHEREAS, on July 17, 2007, by Resolution No. A07-133, the Board recommended that the City Council approve the First Amendment to the Fixed Base Operator and Lease Agreement (Lease) between the City and Elliott Aviation of Des Moines, Inc. (Elliott); and

WHEREAS, the Amendment requires approval by the Des Moines City Council; and

WHEREAS, the City Council deems it advisable to act favorably and finally upon said First Amendment to the Fixed Base Operator Lease and Agreement with Elliott Aviation of Des Moines, Inc for Services at the Des Moines International Airport; NOW THEREFORE

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BE IT RESOLVED, BY THE CITY COUNCIL OF DES MOINES, IOWA:

That the First Amendment to the Fixed Base Operator Lease and Agreement between the City of Des Moines and Elliott Aviation of Des Moines, Inc. is approved and the Mayor is authorized to execute the Agreement with attestation by the City Clerk

(Council Communication 07-445 is attached.)

Moved by \_\_\_\_\_ to adopt.

Approved as to form:



David A. Ferree  
Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
HENSLEY				
KIERNAN				
MAHAFFEY				
MEYER				
VLASSIS				
TOTAL				

**CERTIFICATE**

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

MOTION CARRIED APPROVED

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
City Clerk